

§ 625.9

easement payment may or may not equal the fair market value of the interests and rights to be conveyed by the landowner under the easement. By voluntarily participating in the program, a landowner waives any claim to additional compensation based on fair market value.

(2) Annual easement payments may be made in no more than 10 annual payments of equal or unequal size, as agreed to between NRCS and the landowner.

(e) *Reimbursement of a landowner's expenses.* For completed easement conveyances, NRCS will reimburse landowners for their fair and reasonable expenses, if any, incurred for surveying and related costs, as determined by NRCS. The State Conservationist may establish maximum payments to reimburse landowners for reasonable expenses.

(f) *Tax implications of easement conveyances.* Subject to applicable regulations of the Internal Revenue Service, a landowner may be eligible for a bargain sale tax deduction which is the difference between the fair market value of the easement conveyed to the United States and the easement payment made to the landowner. NRCS disclaims any representations concerning the tax implications of any easement or cost-share transaction.

(g) *Per acre payments.* If easement payments are calculated on a per acre basis, adjustment to stated easement payment will be made based on final determination of acreage.

§ 625.9 10-year restoration cost-share agreements.

(a) The restoration plan developed under § 625.12 forms the basis for the 10-year cost-share agreement and is incorporated therein.

(b) A 10-year cost-share agreement will:

(1) Incorporate all portions of a restoration plan;

(2) Be for a period of 10 years;

(3) Include all provisions as required by law or statute;

(4) Specify the requirements for operation and maintenance of applied practices;

(5) Include any participant reporting and recordkeeping requirements to de-

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termine compliance with the agreement and HFRP;

(6) Be signed by the participant. When the participant is not the fee title owner, concurrence from the fee title owner is required;

(7) Identify the amount and extent of cost-share assistance that NRCS will provide for the adoption or implementation of the approved conservation treatment identified in the restoration plan; and

(8) Include any other provision determined necessary or appropriate by the NRCS representative.

(c) Once the participant and NRCS have signed a 10-year cost-share agreement, the land shall be considered enrolled in HFRP.

(d) The State Conservationist may, by mutual agreement with the parties to the 10-year cost-share agreement, consent to the termination of the restoration agreement where:

(1) The parties to the 10-year cost-share agreement are unable to comply with the terms of the restoration agreement as the result of conditions beyond their control;

(2) Compliance with the terms of the 10-year cost-share agreement would work a severe hardship on the parties to the agreement;

(3) Termination of the 10-year cost-share agreement would, as determined by the State Conservationist, be in the public interest.

(e) If a 10-year cost-share agreement is terminated in accordance with the provisions of this section, the State Conservationist may allow the participants to retain any cost-share payments received under the 10-year cost-share agreement in a proportion appropriate to the effort the participant has made to comply with the restoration agreement, or, in cases of hardship, where forces beyond the participant's control prevented compliance with the agreement.

§ 625.10 Cost-share payments.

(a) NRCS may share the cost with landowners of restoring land enrolled in HFRP as provided in the HFRP restoration plan. The HFRP restoration plan may include periodic manipulation to maximize wildlife habitat and preserve forest ecosystem functions

and values over time and measures that are needed to provide the Landowner Protections under section 7(b)(4) or section 10(a)(1) of the ESA, including the cost of any permit.

(b) Landowner Protections may be made available to landowners enrolled in the HFRP who agree, for a specified period, to restore, protect, enhance, maintain, and manage the habitat conditions on their land in a manner that is reasonably expected to result in a net conservation benefit that contributes to the recovery of listed species under the Endangered Species Act (ESA). These protections operate with lands enrolled in the HFRP and are valid for as long as the landowner is in compliance with the terms and conditions of such assurances, any associated permit, the easement, and the restoration agreement.

(c) If the Landowner Protections, or any associated permit, require the adoption of a practice or measure in addition to the practices and measures identified in the applicable HFRP restoration plan, NRCS and the landowner will incorporate the practice or measure into the HFRP restoration plan as an item eligible for cost-share assistance.

(d) Failure to perform planned management activities can result in violation of the easement, 10-year cost-share agreement, or the agreement under which Landowner Protections have been provided. NRCS will work with landowners to plan appropriate management activities.

(e) The amount and terms and conditions of the cost-share assistance shall be subject to the following restrictions on the costs of establishing or installing practices or implementing measures specified in the HFRP restoration plan:

(1) On enrolled land subject to an easement of not more than 99 years, NRCS shall offer to pay not less than 75 percent nor more than 100 percent of the average cost;

(2) On enrolled land subject to a 30-year easement, NRCS shall offer to pay not more than 75 percent of the average cost; and

(f) On enrolled land subject to a 10-year cost-share agreement without an associated easement, NRCS shall offer

to pay not more than 50 percent of the average costs.

(g) Cost-share payments may be made only upon a determination by the NRCS that an eligible practice or measure, or an identifiable component of the practice has been established in compliance with appropriate standards and specifications. Identified practices and measures may be implemented by the landowner or other designee.

(h) Cost-share payments may be made for the establishment and installation of additional eligible practices and measures, or the maintenance or replacement of an eligible practice or measure, but only if NRCS determines the practice or measure is needed to meet the objectives of HFRP, and the failure of the original practices or measures was due to reasons beyond the control of the landowner.

(i) A landowner may seek additional cost-share assistance from other public or private organizations as long as the activities funded are in compliance with this part. In no event shall the landowner receive an amount which exceeds 100 percent of the total actual cost of the restoration.

§ 625.11 Easement participation requirements.

(a) To enroll land in HFRP through the 99-year or 30-year enrollment option, a landowner shall grant an easement to the United States. The easement shall require that the easement area be maintained in accordance with HFRP goals and objectives for the duration of the term of the easement, including the restoration, protection, enhancement, maintenance, and management of habitat for listed species within a forest ecosystem's functions and values.

(b) For the duration of its term, the easement shall require, at a minimum, that the landowner, and the landowner's heirs, successors and assigns, shall cooperate in the restoration, protection, enhancement, maintenance, and management of the land in accordance with the easement and with the terms of the HFRP restoration plan. In addition, the easement shall grant to the United States, through the NRCS:

(1) A right of access to the easement area;